For Immediate Release

DCM Shriram Ltd. announces its Q4 & FY15 financial results

Net Profit for FY15 at Rs. 211 cr (LY: Rs. 242 cr);

Sharp drop in selling prices results in –ve PBDIT for sugar business leading to consolidated loss of Rs 40 cr for Q4 (LY profit Rs 83 cr)

New Delhi, 1st May 2015: DCM Shriram Ltd. announced its Q4 and 12M FY15 financial results today.

FY '15 Highlights

1. **Net Revenues** lower by 8.8% to Rs. 5,639.2 crore primarily on account of:
   a. Sugar sales lower by 31%, a result of lower production and lower prices
   b. Lower sales of traded Bulk fertilisers in line with market conditions

2. **PBDIT** stood lower at Rs. 450.3 crore vis-à-vis Rs. 558.9 crore last year due to:
   a) Steep decline in realizations of all products viz. Sugar, Chlor-Alkali, PVC and Cement in the 2nd half of the year
   b) Sugar inventory write down of Rs 98 crore, since realisations are significantly lower than cost of production.
   c) Chloro–vinyl PBDIT declined by Rs. 77 crore from +ve Rs. 436 crore to +ve Rs. 359 crore, due to lower prices of Chlor-Alkali and higher input costs.

3. Following businesses recorded improvement in PBDIT:
   a) Overall performance of Bioseed business improved by about Rs. 29 crore with robust performance of BT cotton in Kharif '14 in India. International operations recovering slowly. PBDIT stood at Rs. Rs. 37 crore vs Rs. 8 crore last year.
   b) Fertiliser's and Shriram Farm Solutions' PBDIT increased by Rs. 12 crore and Rs. 6 crore, respectively, vs. last year
   c) Fenesta business turned positive

3. **Finance charges** down by 24.8% y-o-y to Rs. 111.8 crore

4. **PBT** stood at Rs. 228.4 crore vs. Rs. 272.4 crore

5. **PAT** at Rs. 210.8 crore vs. Rs. 242.4 crore.

6. **Net Debt** as on March 31, 2015 stood at Rs. 688 crore vs. Rs. 683 crore in Mar 31, 2014

7. **The Board of Directors** have recommended Final Dividend of 20% - Total Dividend in FY15 at 110% including 90% Interim Dividend (FY14 Dividend stood at 100%)

Q4 '15 – HIGHLIGHTS

1. **Net Revenues** lower by 11.5% y-o-y to Rs. 1,309.3 crore on account of lower volumes of Sugar as well as bulk fertilizers

2. **PBDIT** stood lower at Rs. 33.1 crore from Rs. 162.4 crore last year due to:

    a) Negative margins and inventory down in Sugar business led by steep decline in realizations. PBDIT declined by Rs. 109 crore, from +ve rs. 62 crore to –ve Rs. 47 crore.
    b) Lower earnings of Chloro-vinyl businesses due to decline in realizations amid increase in input costs. PBDIT declined by Rs. 31 crore, from Rs. 113 crore to Rs. 82 crore.
    c) A 21 day maintenance shutdown in March /April 2015 in the Fertiliser business. Plant has since been commissioned and stabilised.

3. **PAT** stood at –ve Rs. 40.2 crore compared to Rs. 82.8 crore in Q4 FY 14; PAT impacted by a charge of Rs 21.6 crore on account of MAT credit relating to earlier years

Commenting on the performance for the quarter, in a joint statement, Mr. Ajay Shriram, Chairman & Senior Managing Director, and Mr. Vikram Shriram, Vice Chairman & Managing Director, said:

"Business environment has been challenging during the second half of the year, with sharp decline in most of our product prices in line with global trend. Increase in input costs (Coal, Salt etc.) further worsened the position.

Sugar scenario has worsened with sharp decline in realisations due to excess production and delayed response by Central Govt. in announcing export subsidies. Further effective measures by government are needed to support Sugar prices. UP Govt. announced a more positive cane pricing policy for 2014-15. Quick implementation of the same will help in part mitigation of the tough financial situation.

Chloro-Vinyl businesses are going through margin pressures due to falling product prices and rising inputs costs. Govt. of Rajasthan has imposed electricity duty on captive power and Central Govt. has imposed green cess on coal during the last budget putting cost pressures at such challenging times. We are confident of riding through this phase with our cost control efforts.

The Bioseed, Shriram Farm solutions and Fenesta businesses are going through good growth and we are confident to continue to record high growth in medium term as we develop strong market position in all three businesses.

The expansion of Chlor-Alkali capacity at Bharuch and Power co-gen capacity at sugar will provide growth from 2nd half of FY 2017.

Our debt levels have been contained at almost the same levels as last year, despite large subsidy outstandings. Our strong Balance sheet and reasonable cash generation has ensured that capital expenditure programs are on track and will add value to the businesses going forward."

FY 15 Performance Overview & Outlook

FERTILISERS:

- Scheduled maintenance shutdown in March/April 2015 impacted performance vis-a-vis Q4 FY14
- Higher revenue on account of higher gas prices , which is a pass through
- Improved profitability in FY 15 due to increase in reimbursement towards conversion costs after 10 years
- As at year end Subsidy receivables unrealized since Aug '14. Received part subsidy in April' 15

<u>Outlook</u>

- Plant commissioned after shutdown, has stabilised.

SHRIRAM FARM SOLUTIONS:

- Volumes of DAP/MOP lower in FY 15 - in line with market conditions
- Q4 revenues were lower in Bulk fertilisers and in 'Value Added' due to delay in receipt of licenses for sale of BT Cotton seed from State Governments in North India
- Performance of 'Value Added' inputs vertical was stable despite weak monsoons and erratic weather.
- Operating profits higher due to better margins in the Bulk Fertilisers

<u>Outlook</u>

- Focus on aggressive marketing and growing distribution network and product portfolio to drive growth over medium term for 'Value Added' business vertical
- High subsidy outstanding in bulk fertilisers continues to result in higher working capital requirements
- Weather will play a crucial role in improving performance going forward

BIOSEED:

- Bioseed's domestic business' performance was strong during the year on account of
  - BT Cotton volumes up 63% for Kharif 2014 season, led by Yuva and Bindaas which received good response in the south and central India. In Q4 the sales in north was restricted due to delay in receipt of licenses from State Governments
  - Lower sales of hybrid Corn seeds due to adverse weather in Kharif 2014
- International operations recovering slowly from reverses in FY 2014.

Outlook

- Domestic business expected to grow at a healthy pace across all verticals.
- Augmenting product portfolio and marketing efforts to drive growth in international operations – expected to take couple of years
- Medium to long term outlook buoyant given continuing focus on research and pipeline of products

SUGAR:

- Revenues down primarily on account of lower sales volumes during the year, a result of lower production in sugar season 13-14.
- Continuous and sharp decline in prices from Sep 2014 onwards, adversely impacted business. PBIT Margins have declined to –ve Rs. 528 / qtl. Sugar inventory valued at Rs. 2,575 / Qtl, impact –ve Rs. 98 crore. In FY 14 inventory write-down was nil.
- Crushing has ended in all 4 factories, Sugar production ~ 7% lower than last season.
- Not accounted for any cash cane subsidy for SY 2014-15, pending notifications by state govt.

Outlook

- Sugar industry going through negative margins for several years. Requires rational policies on sugar sales and cane prices.
- Expect UP Govt. to fully implement its sugar cane policy for SY2014-15 and disburse the cash subsidy immediately as it will help timely payments to farmers.
- Sugar co-gen expansion project is undergoing environmental approvals

CHLORO VINYL:

- Chloro-vinyl prices witnessed sharp decline in realizations from Sept 2014 onwards
- Higher inputs prices (Salt, Coal) further created margin pressures

Outlook

- Prices expected to follow global commodity price trends, have seen firming up.
- Imposition of Electricity Duty on captive power in Rajasthan, Green cess on coal and increase in coal freight will increase input costs further. Salt prices have softened .
- Chlor-alkali expansion project progressing as per plan; currently awaiting environmental approvals

Cement:

- Volumes up by 6% y-o-y in line with higher production during the year
- Realisations under pressure
- Higher input costs during the year led to increase in losses vis-à-vis last year

HARYALI KISAAN BAZAAR:

- Revenues from fuel sales only
- Focus on sale of properties progressing slowly, expected to take about 2-3 years

Others:

- Fenesta business’ revenue up 11.0% y-o-y to Rs 181.9 crore
    - Improved performance driven by a 28.7% y-o-y increase in retail sales revenue. Project sales declined in FY 15
    - The business is positive at PBIT level in Q4 FY15
    - Project orders witnessing improved traction from Q4 FY15 onwards
- JV with Axiall Corporation for PVC compounding business is progressing as per plan
- Company exited Textile business in Q1 FY 15

- **FY 15 – Segment Performance**

	Revenues			PBIT			PBIT Margins %	
Segments	**FY14**	**FY15**	**%**	**FY14**	**FY15**	**%**	**FY14**	**FY15**
Agri Input	**2862.6**	**2713.1**	***(5.2)***	**108.4**	**156.7**	***44.5***	***3.8***	***5.8***
- Fertilisers	625.4	726.2	*16.1*	23.2	37.4	*61.1*	*3.7*	*5.1*
- Shriram Farm Soln.	1779.4	1416.7	*(20.4)*	81.0	87.2	*7.6*	*4.6*	*6.2*
- Bioseed	457.7	570.3	*24.6*	4.2	32.1	***667.0***	*0.9*	*5.6*
Sugar	**1500.2**	**1037.1**	***(30.9)***	**(5.4)**	**(68.5)**	**-**	***(0.4)***	***(6.6)***
Chloro Vinyl	**1220.6**	**1242.3**	***1.8***	**374.3**	**317.1**	***(15.3)***	***30.7***	***25.5***
Cement	**130.6**	**137.1**	***5.0***	**(0.3)**	**(5.1)**	**-**	***(0.3)***	***(3.7)***
Hariyali Kisaan Bazaar	**429.1**	**465.5**	***8.5***	**8.2**	**4.8**	***(42.4)***	***1.9***	***1.0***
Others	**300.7**	**263.8**	***(12.3)***	**(9.2)**	**(3.3)**	**-**	***(3.0)***	***(1.2)***
Total	**6443.8**	**5859.0**	***(9.1)***	**476.0**	**401.6**	***(15.6)***	***7.4***	***6.9***
Less: Intersegment Revenue	**261.6**	**219.8**	***(16.0)***					
Less: Unallocable expenditure				**55.0**	**61.5**	***11.8***		
Total	**6182.2**	**5639.2**	***(8.8)***	**421.0**	**340.1**	***(19.2)***	***6.8***	***6.0***

*Rs in CR ; # PBIT here refers to PBIT before exceptional items

- **Q4 FY 15 – Segment Performance**

	Revenues			PBIT			PBIT Margins %	
Segments	**Q4 FY14**	**Q4 FY15**	**%**	**Q4 FY14**	**Q4 FY15**	**%**	**Q4 FY14**	**Q4 FY15**
Agri Input	**549.9**	**495.4**	***(9.9)***	**(6.0)**	**7.9**	**-**	***(1.1)***	***1.6***
- Fertilisers	166.8	170.1	*2.0*	8.2	2.3	*(71.7)*	*4.9*	*1.4*
- Shriram Farm Soln.	313.0	247.6	*(20.9)*	15.0	16.4	*9.2*	*4.8*	*6.6*
- Bioseed	70.2	77.8	*10.9*	(29.2)	(10.8)	-	*(41.6)*	*(13.9)*
Sugar	**445.6**	**326.8**	***(26.7)***	**50.1**	**(56.0)**	**-**	***11.3***	***(17.1)***
Chloro Vinyl	**319.1**	**308.3**	***(3.4)***	**97.5**	**72.2**	***(26.0)***	***30.6***	***23.4***
Cement	**41.0**	**34.2**	***(16.6)***	**3.1**	**(1.2)**	**-**	***7.7***	***(3.4)***
Hariyali Kisaan Bazaar	**101.5**	**97.3**	***(4.1)***	**5.6**	**0.9**	***(84.0)***	***5.5***	***0.9***
Others	**71.6**	**66.0**	***(7.9)***	**(7.8)**	**1.2**	**-**	***(11.0)***	***1.8***
Total	**1528.7**	**1328.0**	***(13.1)***	**142.6**	**25.0**	***(82.5)***	***9.3***	***1.9***
Less: Intersegment Revenue	**49.5**	**18.7**	***(62.2)***					
Less: Unallocable expenditure				**14.4**	**18.4**	***28.3***		
Total	**1479.2**	**1309.3**	***(11.5)***	**128.2**	**6.6**	***(94.9)***	***8.7***	***0.5***

*Rs in CR ; # PBIT here refers to PBIT before exceptional items

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